

# Form 1065ME/1120S-ME SCHEDULE PSI

Do not submit photocopies of this form. Do not use red ink.

Partnership or S Corporation Name	Federal Employer ID Number
Partner/Shareholder Name	Distributive Share % % Check here if amended
Address	Full-year nonresident individual/estate/trust  Corporation or Partnership
City State ZIP Code	Full-year resident individual/estate/trust (optional)
Social Security Number FEIN	This partner/shareholder is participating in a composite filing.
Entity Apportionment Factors A Maine	B Everywhere
1. Total Sales,,,	,,,00
2. This partner's/shareholder's Maine-source income or loss items (see instruction	s) 2, <b></b> .00
3. This partner's/shareholder's Maine-source deduction items (see instructions)	3, <b></b> .00
4. This partner's/shareholder's Maine income or loss (line 2 minus line 3)	4,, <b>.00</b>
Maine Subtraction Modifications:	
5. U. S. government bond interest	5,,, <b>.00</b>
6. Interest from Maine bonds	6,,, <b>.00</b>
7. Work opportunity credit and empowerment zone credit deduction	
8. Income not taxable under the constitution of Maine or the laws of the United St	ates 8,,,00
Income from ownership interest in pass-through entity financial institutions	
10. Fiduciary adjustment	
11. Other Subtraction Modifications:	11,,, .00
Maine Addition Modifications:	
12. Interest from state and municipal bonds other than Maine	
13 . Discharge of indebtedness deferred pursuant to IRC § 108(i)	
14. Bonus depreciation/§ 179 expenses add-back	
15. Domestic production activities deduction	
Maine Withholding	
17. This partner's share of pass-through entity withholding	

## Form 1065ME/1120S-ME SCHEDULE PSI - INSTRUCTIONS

Do not submit photocopies of this form. Do not use red ink.

New for 2010. Form 1065ME/1120S-ME (Maine Information Return for Partnerships and S Corporations) and Schedule PSI (Income of Nonresident Partners/Shareholders) have been changed and Schedule NRC (Income of Nonresident Partners or Shareholders Included in Composite Return) has been eliminated. Among other changes, Form 1065ME/1120S-ME, line 3 has been replaced with new questions. Also, the newform now requests information on entity income, deductions and Maine income modifications. Schedule PSI has also been updated to include Maine-source income, deductions and Maine income modifications.

WHO MUST FILE. Entities with 100 or fewer members who are not individuals or who are nonresident individuals must complete and attach Schedule PSI for each of those members. In addition, entities with more than 100 members must complete a Schedule PSI for each member participating in a composite return. A Schedule PSI must be attached to the composite filing for each participating member.

In addition, entities should provide Maine tax information to all partners/shareholders to assist them in property completing their Maine income tax forms. This information is not required to be provided to partners/shareholders on Schedule PSI, but should be prepared consistent with these instructions. Additional Schedules PSI are available at www. maine.gov/revenue/forms or by calling 207-624-7894.

Partnerships and S corporations must file an amended Form 1065ME/1120S-ME and Maine Schedules PSI within 90 days of any change to the entity's net income or to the distributive share of partners or shareholders. Generally, a claim for credit or refund by a partner or shareholder arisin from an amended Form 1065ME/1120S-ME must be filed within 3 years from the extended due date for filing Form 1065ME/1120S-ME.

#### SPECIFIC INSTRUCTIONS

### Entity/Partnership/Shareholder Information

- Enter the business name and federal employer identification number.
- Check if the Schedule PSI is an amended Schedule PSI.
- Enter partner/shareholder name, address and social security number or FEIN.
- Indicate whether the partner/shareholder is a full-year resident individual/estate/trust, a full-year nonresident individual/estate/trust, a part-year resident individual/ estate/trust or a corporation or partnership.
- Check if the partner/shareholder is participating in a composite return that has been or will be filed by the entity. Generally, only full-year nonresident individuals may participate in a composite filing. Do not complete lines 5-7 for any member participating in a composite filing.

#### LINE 1. Entity apportionment factors.

NOTE: Complete line 1 for all partners/shareholders except full-year resident individuals/estates/trust.

If an amount for column A or column B is zero, enter zero for that amount. If the entity filing Form 1065ME/1120S-ME received Maine source income from other pass-through entities, combine the Maine and everywhere sales factor amounts of the entity filing Form 1065ME/1120S-ME with that entity's share of Maine and everywhere sales of the other pass-through entities and enter the combined amounts in the appropriate column. For additional guidance, see the instructions to Form 1120ME, Schedule A (corporate income tax apportionment).

LINE 2. This partner's/shareholder's Maine-source income or loss items.

NOTE: Complete line 2 only for partners/shareholders who are full-year nonresident individuals/estates/trust. Leave line 2 blank for all other partners/shareholders.

- **A. Partnerships.** For nonresident partners, multiply the sum of lines 1-11 from this partner's federal Schedule K-1 by the Maine apportionment factor on Form 1065ME/1120S-ME. line 4, column C. Enter the result on this line.
- **B. S Corporations.** For nonresident shareholders, multiply the sum of lines 1-10 from this shareholder's federal Schedule K-1 by the Maine apportionment factor on Form 1065ME/1120ME-ME, line 4, column C. Enter the result on this line.

# LINE 3. This partner's/shareholder's Maine-source deduction items.

NOTE: Complete line 3 only for partners/shareholders who are full-year nonresident individuals/estates/trust. Leave line 3 blank for all other partners/shareholders.

- A. Partners. Multiply the sum of lines 12 and 13 on this partner's federal Schedule K-1 (excluding itemized deductions reportable on federal Form 1040, Schedule A) by the Maine apportionment factor on Form 1065ME/1120S-ME line 4, column C. Enter the result on this line.
- **B. Shareholders.** Multiply the sum of lines 11 and 12 from this shareholder's federal Schedule K-1 (excluding itemized deductions reportable on federal Form 1040, Schedule A) by the Maine apportionment factor on Form 1065ME/1120S-ME, line 4, column C. Enter the result on this line.
- LINE 4. This partner's Maine income or loss. Complete line 4 only for partners/shareholders who are full-year nonresident individuals/estates/trusts. Leave this line blank for all other partners/shareholders.

LINE 5-17. Enter the partner's/shareholder's share of the items listed on lines 5-17.

NOTE: Complete lines 5-17 for all partners/shareholders except those participating in a composite filing.

#### **Maine Subtraction Modifications**

NOTE: The subtraction modifications that follow do not include subtraction modifications for bonus depreciation and section 179 expense recapture. For more information, see the instructions for Form 1065ME/1120S-ME related to Maine subtraction modifications.

LINE 5. U.S. government bond interest. Multiply Form 1065ME/1120S-ME, line 11 by this partner's shareholder's distributive share percentage shown on this schedule. Enter the result on this line.

**LINE 6. Interest from Maine bonds.** Multiply Form 1065ME/1120S-ME, **line 12** by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line.

LINE 7. Work opportunity credit and empowerment zone credit deduction. Multiply Form 1065ME/1120S-ME, line 13 by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line.

LINE 8. Income not taxable under the constitution of Maine or the laws of the United States. Multiply Form 1065ME/1120S-ME, line 14 by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line.

LINE 9. Income from ownership interest in passthrough entity financial institutions. Multiply Form 1065ME/1120S-ME, line 15 by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line.

LINE 10. Fidcuiary adjustment. Multiply Form 1065ME/1120S-ME, line 16 by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line

LINE 11. Other subtraction modifications. Multiply Form 1065ME/1120S-ME, line 17 by this partner's/shareholders distributive share percentage shown on this schedule.

Enter the result on this line.

#### **Maine Addition Modifications**

LINE 12. Interest from state and municipal bonds other than Maine. Multiply Form 1065ME/1120S-ME, line 18 by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line.

LINE 13. Discharge of indebtedness deferred pursuant to IRC § 108(i). Multiply Form 1065ME/1120S-ME, line 19 by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line.

**LINE 14. Bonus depreciation/§ 179 expense.** Multiply Form 1065ME/1120S-ME, line **20** by this partner's/ shareholders distributive share percentage shown on this schedule. Enter the result on this line.

**LINE 15. Domestic production activities deduction.** Multiply Form 1065ME/1120S-ME, **line 21** by this partner's/ shareholders distributive share percentage shown on this schedule. Enter the result on this line.

**LINE 16. Other addition modification.** Multiply Form 1065ME/1120S-ME, **line 22** by this partner's/shareholders distributive share percentage shown on this schedule. Enter the result on this line.

LINE 17. This partner's/shareholder's share or passthrough entity withholding. Enter the pass-through entity withholding reported to this partner/shareholder on Form 1099ME for 2010.

Instructions for recipients of Maine Schedule PSI information - corporations, partnerships and full-year nonresident individuals only.

**LINE 1. Entity apportionment factor.** Maine taxable corporations filing Form 1120ME must combine the corporation's share of the Maine sales factors of the pass-through entity of which it is an owner with the Maine sales factors of the corporation. The combined factors are reported on Form 1120ME, Schedule A, line 12.

LINE 4. This partner's/shareholder's Maine income or loss. The amount reported on Maine Schedule PSI, line 4 must be reported on Maine Form 1040ME, Worksheet B (for Schedule NR or NRH), line 5, column E.

Line 5-16. Maine income modifications. Amounts reported on Maine Schedule PSI, lines 5-16 must be reported on the appropriate lines of the partner's/shareholder's Maine Form 1040ME, Schedule 1 (individual); Form 1041ME, Schedule 1 (estates/trusts); or Form 1120ME (Maine taxable corporations).

**LINE 17. Pass-through entity withholding.** The amount reported on Maine Schedule PSI, line 17 must be reported on the partner's/shareholder's Maine Form 1040ME, line 28a; Form 1041ME, line 7a; or Form 1120ME, line 8d.

NOTE: Schedule PSI does not require all tax information owners may need to properly file Maine income tax returns. For example, the forms do not include subtraction modifications for bonus depreciation and section 179 expense, nor do the forms require information on applicable Maine business tax credits. Entities should report to partners/members all Maine tax information needed to properly file Maine income tax returns, even if that information is not included on Schedule PSI.